

FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Tel 847 318-7575
Fax 847 318-7588



VIA UPS 2nd DAY AIR

July 20, 2004

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

RECORDATION NO. 24727-F FILED
JUL 22 '04 2-49 PM
SURFACE TRANSPORTATION BOARD

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are (3) originals of a Memorandum of Lease Agreement, dated May 24, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Commission under Recordation Number 24727.

The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: BC Rail Partnership
221 W. Esplanade
North Vancouver, BC V7M 3J1

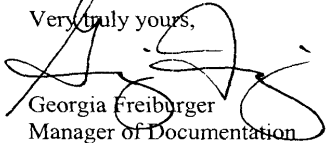
A description of the railroad equipment covered by the enclosed document is one hundred five (105) 71' centerbeam flatcars, with NOKL and BCIT marks (see Exhibit A for car numbers).

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5387. Thank you for your cooperation in this matter.

Very truly yours,


Georgia Freiburger
Manager of Documentation

Enclosures

(BCR023/23A)

RECORDATION NO. 24727F FILED

ASSGN. NO.: BCR023/023A

JUL 22 '04 2-49 PM

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

24th THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the May, 2003, by and between FIRST UNION RAIL CORPORATION ("Lessor"), a North Carolina corporation, and BC RAIL PARTNERSHIP ("Lessee"), a Canadian corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of July 21, 1999, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 15 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of September 6, 2003, and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

NAME: RICHARD F. SEYMOUR

Vice President Sales & Marketing

TITLE: _____

SIGNATURE: Richard F. Seymour

Executed on this 24th day of May, 2004.
[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

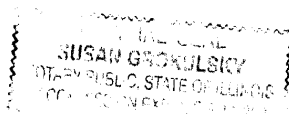
I, SUSAN GROKULSKY, a Notary Public of the State and County aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 24th day of May, 2004.

Susan Grokulskey
Notary Public

My Commission Expires:

8-14-2004



LESSEE:

BC RAIL PARTNERSHIP.

NAME: R. Phillips

TITLE: President

SIGNATURE: [Signature]

Executed on this _____ day of _____, _____.

[CORPORATE SEAL]

PROVINCE OF BRITISH COLUMBIA

CITY
DISTRICT OF NORTH VANCOUVER

I, JOHN C. LEIGHTON, a Commissioner of Oaths of the Province and City
aforesaid, certify that R. PHILLIPS personally appeared before me this day and
acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 6th day of MAY, 2004.

[Signature]
Commissioner of Oaths

My Commission Expires:

JANUARY 31, 2006.

**EXHIBIT A to
MEMORANDUM OF LEASE**

NUMBER OF CARS: One hundred five (105)

DESCRIPTION OF CARS: 71', 100-ton Centerbeam Flat Cars

CAR NUMBERS:

NOKL 729126	NOKL 729241	BCIT 871388
NOKL 729129	NOKL 729242	BCIT 871391
NOKL 729133	NOKL 729243	BCIT 871393
NOKL 729135	NOKL 729244	BCIT 871394
NOKL 729137	NOKL 729245	BCIT 871402
NOKL 729138	NOKL 729247	
NOKL 729142	NOKL 729248	
NOKL 729146	BCIT 871301	
NOKL 729147	BCIT 871304	
NOKL 729150	BCIT 871306	
NOKL 729152	BCIT 871308	
NOKL 729154	BCIT 871312	
NOKL 729160	BCIT 871315	
NOKL 729164	BCIT 871316	
NOKL 729167	BCIT 871317	
NOKL 729168	BCIT 871319	
NOKL 729171	BCIT 871321	
NOKL 729172	BCIT 871324	
NOKL 729174	BCIT 871327	
NOKL 729175	BCIT 871329	
NOKL 729178	BCIT 871332	
NOKL 729179	BCIT 871333	
NOKL 729180	BCIT 871334	
NOKL 729182	BCIT 871335	
NOKL 729184	BCIT 871339	
NOKL 729185	BCIT 871342	
NOKL 729188	BCIT 871345	
NOKL 729191	BCIT 871346	
NOKL 729194	BCIT 871349	
NOKL 729197	BCIT 871359	
NOKL 729205	BCIT 871362	
NOKL 729206	BCIT 871363	
NOKL 729208	BCIT 871366	
NOKL 729211	BCIT 871368	
NOKL 729213	BCIT 871369	
NOKL 729214	BCIT 871371	
NOKL 729219	BCIT 871372	
NOKL 729220	BCIT 871374	
NOKL 729222	BCIT 871375	
NOKL 729229	BCIT 871376	
NOKL 729231	BCIT 871378	
NOKL 729232	BCIT 871379	
NOKL 729237	BCIT 871385	
NOKL 729240	BCIT 871386	